

International Franchising Series: Part Fourteen France

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[Editor's Note: The Franchising Committee of the American Bar Association's Section of Antitrust Law expects to publish within several months a "Survey of Foreign Laws and Regulations Affecting International Franchising." In the interim, and in recognition of the current lack of information available to U.S. franchisors, this article is presented as the 14th in a series of articles on legal issues affecting international franchising. The preceding 13 articles dealt with franchising in Italy, Australia, Hong Kong, Japan, the Philippines, Denmark, Brazil, the United Kingdom, Mexico, Taiwan, New Zealand, Belgium, and South Africa.]

France is now experiencing at least a smaller scale version of the "franchise boom" that swept through the United States in the late 1960's. As a result, the French population is generally familiar with the concept of franchising. Periodicals even exist in France today which specialize in franchising and franchise offerings, and an upcoming Paris trade exposition has been announced as featuring franchising. This public recognition of franchising, coupled with a political climate which (to the surprise of some) accepts franchising, indicates that France should be viewed as a favorable market by expansion-minded U.S. franchisors.

In France today, as was the case when franchising first became popular in the United States, there are no laws specifically directed toward franchising. A study has been initiated on the range of laws which the French government could enact to regulate franchising but, to date, that study has not led to any new legislation. Thus, the concerns of U.S. franchisors entering France should focus primarily upon those issues with which any foreign business entering the country would be concerned. This article will address those legal issues to the extent that they are likely to impact on a U.S. franchisor's efforts.

A U.S. franchisor may enter France by licensing directly from the United States and without setting up an establishment in France. A franchisor may also enter France by establishing a subsidiary in that country. Several forms for a subsidiary are possible. The most common are: societies anonymes (stock corporations, "SA"), societies a responsabilite limitee (limited liability companies, "SARL"), societies en nom collectif ("general partnerships"), societies en commandite simple ("limited partnerships"), and societies en commandite par actions ("limited partnerships with shares"). A U.S. franchisor also may establish a branch in France, although tax implications

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